

4th Meeting of the REMIT Expert Group on wholesale energy market trading

24 February 2022 from 14:00 to 17:00

Meeting Chair: Volker Zuleger / Martin Godfried

Draft Minutes**ACER officials**

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Martina Isola, CRE

1. MEETING OPENING

The agenda of the current meeting and the minutes of the 3rd REMIT expert group meeting were approved. None of the attendees of the 3rd Meeting of the REMIT Expert Group raised points in advance of the topical discussions.

2. REMIT IMPLEMENTATION REGULATION

The potential revision of the REMIT Implementing Regulation was presented to the experts in a structured way. The topic was introduced for further debate in the forthcoming expert group meetings, and emphasis was placed on the need to determine the optimal way to introduce proposals appropriately. The experts agreed on the scope of the future discussion, which will take into account the future progress on the revision of the REMIT Implementing Regulation. The relevant topics of the REMIT Implementing Regulation were presented per article, while numerous inputs already collected on a voluntary basis by some stakeholders were also presented.

The experts were invited to focus in particular on the reasons necessitating potential changes and proceed in proposing concrete improvements, additions or simplifications, as necessary (both in respect to each of the particular articles of the Implementing Regulation, as well as in respect to specific issues they deem necessary to address).

ACTION POINT: Additional comments on the new Implementing Regulation to be provided by the experts via email (REMIT.expertgroup@acer.europa.eu) by the 22nd of April 2022.

3. Q&A SESSION

The Expert Group members provided their feedback on the following topics:

- A) The experts were consulted on the way potential reporting for battery storage should be performed. The crucial question presented to the experts was whether or not batteries should be assimilated to gas storage or to an intermediary between purchase and resale. In the latter case, it was proposed that battery storage should be subject to data reporting. The experts raised a variety of questions and comments, pointing among others to the substantial differences among gas and electricity and mentioning, notably, that batteries relate to much lower energy levels than gas storage does and differ substantially from the latter. The technical and market considerations that should be considered in that respect were also presented and discussed.
- B) ACER introduced the topic of the REMIT reporting obligations for power recharging stations and raised the question whether such stations should be assimilated to fuelling stations, hence excluded from data reporting insofar the consumption capability of a single recharge station is below 600 GWh/y. Reference was made to Q&A III.3.42. Some experts stressed that the volumes relating to each station separately might be relatively low and would therefore not qualify to be reportable. The experts raised the parallel concern that, nevertheless, a large number of individual stations are being built in different Member States and this is very likely going to have an impact on the electricity market. Therefore, some transparency (at an aggregated level) might be required and ways to pursue this should be further explored.

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- C) The topic of the definition of the large energy consumers, transpiring from the legislation and elaborated in various ACER public documents, was introduced for debate to the experts. ACER presented among others its interpretation, with reference to the different scope of REMIT and Implementing Regulation, explaining that there are contracts that consist wholesale energy products according to Article 2(4) of REMIT, yet they are not reportable to ACER (pursuant to the provisions of REMIT Implementing Regulation). The experts were asked if they can perceive any arguments supporting the future alignment among the IR with REMIT on that matter (*i.e.*, should the definition of the wholesale energy products and the reportable wholesale energy products coincide in scope). While recognising the practical difficulties this difference entails, the expert group concluded that alignment is not necessarily needed, but further clarification would be significant.

The chair thanked the experts for their valuable contribution in the topics discussed in this session.

4. TOPICS RAISED BY EXPERTS

The experts brought forward a number of issues pertaining to the REMIT which were presented and discussed in the following order:

- A) Correlation among REMIT and the Transparency Regulation (Art. 10.1): The expectations as to the publication of information relating to the unavailability of transmission infrastructure under Article 10 of the Transparency Regulation were presented and discussed. The differences and the interrelation among the concept of transparency under the third energy package and the inside information under REMIT were presented in detail with a special focus on the aims of the different legal provisions and the overlap among the ensuing reporting obligations. Due reference was made to the relevant sections of the REMIT portal, as well as the provisions of the REMIT Guidance, while the major shortcomings in regard to REMIT and Transparency Platforms were highlighted. Particular emphasis was placed on the challenges that may arise in respect to data collection and use, due to the overlap in the ways inside information is published, as information on a single event may be reported via multiple channels.
- B) REMIT and non-market measures: The starting point of the debate was the observation that certain transactions originating from Security Of Supply Regulation and other national administrative measures do not appear to have a rationale looking at the market fundamentals. The experts discussed on the way in which such matters are treated under REMIT, taking into account market abuse, data reporting and other considerations.
- C) Treatment of batteries under REMIT: Particular aspects of the topic which was partially covered under the previous section were presented.
- D) The topic of the financial regulation with regard to the commodities markets was presented by way of an update.
- E) The expert group considered the ESMA consultation on the review of the clearing threshold and the impact of the recent price volatilities on the industry, triggered by the margining requirements for the centrally cleared energy derivative business. The group considered in particular the ways in which the ESMA consultation and its outcome is likely to affect REMIT as well as the expected impact on market development and committed to follow the related developments in this very topical field.

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The chair thanked the members of the group for bringing their expertise and experience in the meeting and engaging in a constructive and high quality debate, acknowledging that a lot of ground was covered across the various themes and looking forward to welcome the experts at the next session of the REMIT Expert Group on wholesale energy market trading, to be held on the 12th of May 2022.

AGREED ACTION POINTS

ACTION POINT 1:

Additional comments on the new Implementing Regulation to be provided by the experts via email (REMIT.expertgroup@acer.europa.eu) by the 22nd of April 2022.